

# Analysis of Conditions Shows Germany Virtually Must Be Remade After War

Even Teutons Take Gloomy View of Big Economic Difficulties

Recovery of Trade One of First Tasks

Writer Predicts Universal Suffrage and Parliamentary Reform

NOTE.—Until the outbreak of war between the United States and Germany Mr. Dreher had been for years the Associated Press correspondent at Berlin, specializing in financial, economic and political subjects. He has, therefore a very wide knowledge of the sources and nature of Germany's industrial power, and also an unusual understanding of Germany's emotions.

By William C. Dreher (Eleventh and last article.)

That Germany will be confronted after the war with many new problems of vital importance and great difficulty is recognized fully by the Germans themselves. In fact, they began to discuss those problems and make preparations to meet them more than a year ago. Such discussion hardly has been less active than that of peace itself. A period of so-called "Ueberwachungszeit," or transition economy, also has definitely shaped itself in the public mind—a period during which exceptional measures, it is held, will have to be adopted in order to get the economic and other forces of the nation back upon a peace basis.

It shall be the object of this final article of a series to give in rough outline some of the main features of Germany's after-war problems. Of course, I am fully aware of the limitations imposed upon any such forecast by my ignorance of the future. I do not know, for example, the answer to the momentous question, How will the war turn out? For all that, however, we have sufficient knowledge of past and present tendencies in Germany to warrant some statement of the things that

the Germans are likely to do after the war. The population itself will be one of the foremost subjects of the government's care. Its recuperation after the frightful sacrifices of lives already has begun to engage the attention of the government. The lifting of the birth rate is regarded as one of the first ends to be sought. Of course, the military masters of the country want measures taken that shall result in supplying them with plenty of soldiers for the future wars, and men who have the economic development of the country chiefly at heart also want to see the ranks of the workers replenished.

Birth Rate Is Big Problem

The birth rate in Germany had been declining steadily for some years before the war. The subject has also long been one of grave concern to the authorities. At a comparatively early stage of the war, when it already had become evident that Germany's losses in men would be very heavy, the government began to discuss with medical authorities measures for increasing the birth rate, and a bill for that purpose is now before the Reichstag. It aims to eradicate certain diseases and practices that check the growth of the population. Systematic efforts also will be made further to reduce the rate of infant mortality, which already has been discreditably high in Germany. The war already has proved a strong stimulus to plans for giving better care to infants, and this resulted, at least during the first few years of the war, in materially reducing the death rate.

But Germany is threatened with a loss of population in one way that has not yet been discussed there, so far as I have observed. I mean through emigration. In my last article I showed that the Germans will be oppressed after the war with an enormous burden of debt. This must make the condition of the laboring classes very difficult. Moreover, the task of restoring Germany's foreign trade and her manufactures to such a state of prosperity as will insure remunerative employment to all her people probably will not be achieved for some years after the war, and until it has been achieved Germans probably will emigrate in large numbers. This movement will be assisted strongly, too, by the antipathy for war and the whole military system with which very many soldiers will return to their homes.

But the labor of every German hand will be needed at home to help in rebuilding the fabric of German prosperity. The army of active workers prob-

ably will have been depleted by at least 2,500,000 men, dead and crippled, and the government will most likely adopt measures to restrict or even prohibit emigration if the outgo should assume anything like serious proportions.

New population problems also will have to be solved on the East, if Germany should succeed in making permanent territorial readjustments already effected there. The annexation of Courland and Lithuania, which will bring with it the larger of those problems. This annexation has been compared on our side to the annexation of Alsace-Lorraine in that it will impose upon Germany just such another task as the assimilation of those French provinces has proved. In Germany itself the annexation has been opposed strongly by some Socialists and Liberals from precisely that consideration.

But the task obviously must prove a much easier one than that of Alsace-Lorraine. The population of Courland and Lithuania is predominantly Lett, with a good sprinkling of Germans and other elements. Of course, the Baltic Germans, who are chiefly large landowners or merchants and traders in the cities, will find it not only easy but even agreeable to change their citizenship. It was the great landowners for the most part who hastily met the wishes of the German military command by adopting the declaration of secession from Russia and adhesion to Germany. Riga is almost a German city. It has its German theatre, which has always drawn its actors and managers almost wholly from Germany. It is probably true, therefore, that the population, according to German reports, welcomed Hindenburg's troops as if they were their own countrymen.

Moreover, the Letts themselves, chiefly peasants of the provinces, certainly will not prove themselves a parallel to the people of Alsace-Lorraine. They have no strong attachment to the Russia that they know; and if they had their own way they would doubtless adhere neither to Russia nor Germany, but prefer to erect a little Lett republic. That the assimilation of them by the Germans, however, is not a hopeless problem is evident from the fact that Prussia already has a large Lett district in East Prussia, the people of which have for ages been contented apparently with their lot.

First Great Task Is Economic One

But the Polish problem will assume new difficulties for Prussia, whatever disposition be ultimately made of Russian Poland. The Polish population of Prussia yearn for absorption into the new Polish state, whether the latter be independent or become attached to Russia. The Poles in the Reichstag and in the Prussian Chamber only have recently made speeches which strongly emphasized their discontent with the prospective settlement of the status of Russian Poland; and they were lectured in turn by German stalwarts as being more irreconcilable than ever. The so-called "Hakatisten," too, the society

that makes the Germanization of Posen and West Prussia its special task, recently has been demanding vigorous action against the Poles. It would appear, therefore, that the Germans can be trusted to keep the Polish question alive and acutely troublesome for themselves. They have shown themselves adepts in that.

Germany's first task after the war, and probably the most important one of all, will be the economic one. How is Germany to break up her huge armies and get the soldiers back into their former employments? What is to be done with the various war organizations of a business nature? How are trade relations with foreign countries to be restored and how are they to be paid for? How is shipping to be brought back to its pre-war efficiency?

Such are the questions that Germans are asking themselves with anxious interest. They have been asking them now for several years, and the answers—whatever answers they have been able to give them—have tended to grow less and less satisfactory. Of course, most of the talk about Germany's economic future, dealt out publicly for home and foreign consumption, is still of a somewhat cheerful tenor, but much of it is distinctly gloomy.

In one of its weekly financial reviews in March the "Kölnische Zeitung" summarized some of the economic difficulties of the after-war period. The big losses of men, it said, cannot be replaced, and the great number of cripples will increase the burdens of the people; there will be a great need for merchandise of all sorts, but the purchasing power of the people will have been reduced greatly. The foreign trade is gone, and the English, Americans and Japanese have seized upon Germany's markets, and great new industries have grown up in the countries hostile to Germany. The purchase of raw materials will be difficult, and will remain so. And on top of all this, the great burden of taxation. And then the writer comforts himself with the reflection that "our enemies will be in the same plight—perhaps even worse."

Germany Will Try to Save Gold

In her attempt to recover foreign trade Germany will be confronted with the necessity of first obtaining raw materials before she can begin to export goods in any considerable quantities, except in her specialties of potash, chemicals and steel. How are her purchases of all sorts, but the most important, to be paid for? Germany's currency is greatly depreciated, and it certainly will remain much below par for years after peace comes. That means that Germany will have to pay much higher prices for raw materials for her factories than the manufacturers of countries whose currency is sound or nearly so, and that will prove a most serious handicap in her efforts to regain foreign markets.

Of course, buying raw materials with gold will be put of the question; the stock of the Reichsbank—now somewhat less than \$500,000,000—would not go far. All Germans know that; the government is especially aware of it. Already about two years ago it appointed the so-called Reichswirtschaftsrat, or Imperial Economic Board,

samt, or Imperial Economic Board, whose task should be to devise plans, among other things, for protecting the currency system after the war. It has been decided that the import of goods and the export of gold shall be controlled by this board. I recall that it even before I left Germany plans had already been agreed upon to keep the import of raw materials in the hands of the board, and its function was to keep imports within such narrow limits that they might be paid for with exported goods or such small amounts of gold as might be spared.

This programme has been much criticized by exporters and manufacturers, who say Germany will never succeed in recovering her foreign trade position if merchants and manufacturers are to be held in leading strings. In order to meet such complaints, the board some two months ago adopted a declaration of its policy during the "transition period," but this was hardly of a nature to disarm criticism. It said that imports must be left as free as possible, but that purchases of foreign goods must be restricted to what is actually necessary from the standpoint of Germany's general interests.

Merchant Ships Being Built

That a real fight will be made for foreign trade, however, is absolutely certain. Much attention, for example, is given to the merchant marine; the tonnage supply is being looked into in order to make sure that there shall be enough German bottoms for carrying Germany's trade. German shipyards, too, have been actively building merchantmen throughout the war period, and some of these are of very large tonnage. A number of new shipyards have been established within a year and new capital has been raised by existing ones. The restoration of the commercial marine is not to be left wholly to private initiative. The Reichstag is just now about to vote an appropriation of \$20,000,000 for building merchant vessels, and this is only the first quota of an appropriation that is to be continued in later years. Moreover, recently has been established at Hamburg, with a capital of \$2,400,000, whose function will be to lend money upon ships, its operations to begin after the war. All of which shows that the Germans are expecting to have much foreign trade after the war.

From that standpoint, too, is Germany's probable course in regard to Naumann's grandiose "Mitteleuropa" scheme to be judged. It has been too readily assumed on this side that Germany is fully committed to a close economic alliance with Austria-Hungary and other allies, amounting virtually to a customs union. Such is by no means the case, and it may well be doubted whether Germany will seek any preferential trade relationship going beyond existing arrangements.

Not long ago the Hamburg Chamber of Commerce adopted a very strong declaration against such concessions, and pointed out that it was much more important to Germany to reestablish her foreign trade than seek arrangements with her present allies that must array the great trading nations of the world against her. Well known public writers of Germany also are referring to "Mitteleuropa" as a back number. The Hungarian Premier also has thrown a rather cool jet of water upon any form of commercial union that would endanger Hungary's general foreign trade position.

Must Overcome Moral Animos

That the moral animus of the world against Germany will, however, constitute a tremendous difficulty in the way of winning lost trade openings is

generally recognized by German business people. It is frequently said among them that German merchants will have to suffer for the sins of German diplomats, and that it will take them many years to overcome the strong anti-German current that is now running in the world. It may be added here that one of the first reforms that they will insist upon, if they should ever reach a position where they can influence such matters at all, will be to insist upon a radical overhaul of the diplomatic service, with the elimination of the Junker-corps student element.

One of the first economic questions that Germany will have to answer after the war will be what to do with the various semi-socialistic organizations that have been created during the course of the war. Many persons who take part in running those concerns, as well as outsiders of socialistic proclivities, have been demanding that the organizations be retained permanently as organs of the more socialistic government expected after the war.

But by far the greater part of the business men of the country are strongly opposed to such a course, and the government, it is certain, agrees with them. Several weeks ago Von Sydo, the Prussian Minister of Commerce, said in a public speech: "We have had enough of the compulsory economic system under the state during the war; as soon as the war is over we must return to the individualistic system."

Political Forecast Is Very Difficult

And a few days later Von Payer, the Vice-Chancellor of the empire, said, "The government has no thought of perpetuating organizations which were necessary indeed for the war, but which were only created for it." It is not probable, however, that the war will pass away without leaving some permanent marks along the path toward socialism. The government, as was shown in a previous article, has compelled various industries to organize themselves into syndicates or trusts under government auspices. Such compulsory trade organizations are not included, apparently, among the war organizations which the ministers say must be disbanded; for they are but a continuation of a policy deliberately adopted before the war and which will certainly be continued.

And socialist organizations of another kind are likely to be adopted. In order to raise revenue to meet the enormous expense described in my last article the government can hardly rely upon taxation alone. It is highly probable that state monopolies in various articles (possibly cigars and cigarettes, alcohol and matches) will be established. Count Posadowsky, the former Secretary of the Interior, recently advocated this course in a speech in the Reichstag.

The political development of Germany after the war is too large a subject to be treated here. Nevertheless, I cannot close this series of articles without expressing a few of my thoughts upon the matter.

Universal Suffrage Appears Certain

I can give attention, and but briefly, to only two questions—the Prussian electoral reform and the movement toward the parliamentary system of government. The latest developments in Germany convince me that the reform of the Prussian suffrage system will be adopted; there will be universal suffrage. Reports of some three months ago as to the failure of the measure were based upon the fact that several National Liberals on the Suffrage Committee joined with the Conservatives to adopt a substitute measure, with plural votes for certain

classes of voters. But the National Liberal party itself has declared by a huge majority in favor of the original bill. This should insure its passage, as the Conservatives alone are in a minority.

Moreover, the ministers are showing a very firm hand. Having the Kaiser's support, they are leaving no doubt as to their intention to dissolve the Chamber if the bill is rejected, and then appeal to the country. The Kaiser himself has thrown his whole influence into the scale, and it may be regarded as certain that new elections would obtain a good majority for the reform. Hence I conclude that universal suffrage is a practical certainty in Prussia. That this must greatly weaken the power of the aristocracy is self-evident. It will also be a good start toward controlling the military power, which draws its baleful strength from the Prussian aristocracy.

The movement toward some form of parliamentary government, too, warrants a more hopeful attitude than it has received among the countries warring upon Germany. I do not ignore the fact that Germany until a year ago had been without any real political development since the empire was founded. Bismarck and the wars against Austria and France paralyzed all attempts to take even the most modest step forward.

But last year the Reichstag at last took its courage in its hands and compelled the reorganization of the government in accordance with its will. Such things have usually proceeded in other countries by precedent, and now that the Reichstag has tasted and tested its power it hardly will surrender it again.

Of course, the task before the liberal elements is an enormous one. It amounts, says Professor Hugo Preuss, to "transforming the spirit of the German people; it requires the formation of a political will." But this process, he says, has set in with a vigor and speed that surprise persons acquainted with German mentality. He thinks that the intrinsic logic of the situation will compel further development.

But Preuss, as a friend of this reform, says one thing that should be heeded by the governments now carrying on war against Germany. Of course, those governments want, also, to see that reform carried into full effect, but this influential German publicist gives them this thought to reflect upon: "The chief hindrance to it would be for enemy countries to set it up as one of their war aims, as one of their peace conditions." He points out that all reactionaries are using this "foreign interference" to discredit the new development, and representing those who advocate it as "hiredlings of foreign countries."

In that, at least, the Germans are like other mortals.

Holland to Accept Ship Exchange Plan

Guarantee Sought, However, That Vessels Will Reach America

AMSTERDAM, April 17.—The Dutch government, Dr. Loudon, the Foreign Minister, announced in the Second Chamber yesterday, is prepared to accept the American government's proposal to send three shiploads of grain to Holland on condition that Holland sends three ships of about the same tonnage to America. According to the "Telegraaf," the minister added: "Holland must, however, have the certainty that the three ships will reach America. The government has



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reason to assume that Germany will place no impediments in their way. It has, however, asked Germany as to her intentions, but has not yet received a reply." Dr. Loudon announced that he had been informed by the Anglo-American governments that Dutch ships entering British or American ports after April 29 would not be seized. He said he regarded the word of the Anglo-American powers as a sufficient guarantee.

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